

## **Costs of Implementation: USDA's Proposed School Breakfast Meal Pattern**

The Irving ISD Food Service Department is a state and nationally recognized program. Among the department's honors, it became the first in Texas to have a campus qualify as Silver, and then Gold, status under the USDA's HealthierUS School Challenge. The IISD Food Service Department, a place where children come first, is a strong advocate for student health and education.

This document examines the expected costs associated with implementing the USDA's proposed school breakfast meal pattern, using actual data. Readers of this document are encouraged to input their own data into the various tables presented below, and draw their own conclusions.

**Table 1: Existing Food Costs – school breakfast**

<b>Food Cost (range)</b>	<b>.65 - .78</b>
<b>Food Cost (average)</b>	<b>.715</b>

**Table 2: Food Costs – New Breakfast Meal Pattern**

	Breakfast Served with Juice	Breakfast Served with Canned/Fresh Fruit
1 M/MA	.15 - .30	.15 - .30
1.6 Grains*	.20 - .32	.20 - .32
1 F/V (1 cup portion)	.22 - .26	.30 - .62
Milk (8 oz.)	.25	.25
<b>Food Cost (range)</b>	<b>.82 – 1.13</b>	<b>.90 – 1.49</b>
<b>Food Cost (average)</b>	<b>.975</b>	<b>1.195</b>

*Notes (Table 2):*

- *Per proposed USDA regulations, juice cannot count toward the F/V component more than half the time*
- *1.6 grains per day calculated based on 8 grains/week (8/5 days = 1.6)*
- *8 oz juice cost is an estimate, based on cost per ounce of 4.0 and 6.0 oz juice cartons*
- *Other costs based on an average, or estimate of an average, of 2010-2011 Irving ISD bid prices*
- *Many economists expect food inflation to rise markedly in the second half of 2011, and beyond, which will naturally impact data above*
- *Milk cost is an estimated average cost*

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				New Breakfast Meal Pattern Food Cost			
		Existing School Breakfast Food Cost		Breakfast Served w/Juice		Breakfast Served W/Canned/Fresh Fruit	
REIMBURSEMENT	RATE	Food Cost Average	Margin	Food Cost Average	Margin	Food Cost Average	Margin
Paid Breakfast	0.26	0.715	(0.455)	0.975	(0.715)	1.195	(0.935)
Reduced Breakfast	1.18	0.715	0.465	0.975	0.205	1.195	(0.015)
Free Breakfast	1.48	0.715	0.765	0.975	0.505	1.195	0.285

**Table 3: Sales Model – 100 “free” student breakfasts**

	Number of “free” breakfasts served	Free breakfast reimbursement (100 breakfasts - cumulative)	Less food cost (100 breakfasts - cumulative)	Margin	Less labor cost *	Margin
Existing BK	100	\$148.00	(\$71.50)	\$76.50	\$66.60	<b>\$9.90</b>
Proposed BK (served with juice)	100	\$148.00	(\$97.50)	\$50.50	\$66.60	<b>(\$16.10)</b>
Proposed BK (served with fruit)	100	\$148.00	(\$119.50)	\$28.50	\$66.60	<b>(\$38.10)</b>

**NOTE:**

- *The National Food Service Management Institute (NFSMI) states that nationally, food and labor costs for school food service average 45%, more or less, of revenue. 45% of income of \$148.00 results in an estimated labor expense, in this example, for breakfast of \$66.60*

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**Table 4: Food cost increase – cumulative**

September 2010 through December 2010, the IISD Food Service Department served approx. 1.1 million breakfasts.

	Breakfasts Served	Avg. Food Cost per Breakfast	Total Food Cost
Existing BK	1,100,000	\$ .715	\$ 786,500.00
Proposed BK (average cost)	1,100,000	\$ 1.085	\$ 1,193,500.00
		<b>Difference</b>	<b>\$ 407,000</b>

On a full year basis, based on the data in Table 4, the food cost increase of the proposed new breakfast meal pattern could well be in excess of \$800,000.00!!!

**CONCLUSION**

The data show that the newly proposed USDA breakfast meal pattern will create an unfunded, expensive mandate for school food service across our country. While school-operated food service is non-profit in nature, food service departments are often required by their education agency to operate at least on a break-even basis. The proposed breakfast pattern will likely make this impossible.

The anticipated effects of breakfast being a financially loss-generating operation include:

1. Innovative breakfast expansion programs, such as “Breakfast in the Classroom” and Universal Breakfast, as well as Provision 2, may become unworkable and unsustainable
2. Lunch and ala carte meal service may have to “subsidize” breakfast service
3. The excessive food costs related to the proposed breakfast meal pattern may result in the contraction – not expansion – of school breakfast programs across our country

While perhaps unintended, the proposed USDA school breakfast meal pattern stands to regrettably and substantially damage school breakfast programs throughout our nation.

*The Irving ISD Food Service Department has been, is, and will continue to be an outspoken advocate for healthy school meals and a place where children come first.*